

## Message Text

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TO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: PORG, WTO

SUBJECT: WTO - TRANSITION PROVISIONS

REF: GENEVA 7089

1. WE FIND NEW TRANSITION PROPOSAL LONATI PLANS TO PLACE BEFORE IUOTO EXECUTIVE COMMITTEE AT PANAMA CITY MEETING MUCH MORE CONSISTENT WITH REQUIREMENTS AS WE SEE THEM. HOWEVER, SOME OF THE MECHANICS HE ENVISAGES NEED FURTHER EXPLORATION, AND PRESUMABLY THESE WILL BE EXAMINED CLOSELY AT EXECUTIVE COMMITTEE MEETING. WHILE WE BELIEVE DISSOLUTION OF IUOTO SHOULD BE CARRIED OUT WITH SAME STRICT ADHERENCE TO STATUTORY PROVISIONS AS WE EXPECT IN IMPLEMENTATION OF WTO STATUTES, WE RECOGNIZE THAT SPECIAL CIRCUMSTANCES OF TRANSITION FROM IUOTO TO WTO REQUIRES DEGREE OF IMPROVISATION WITH RESPECT TO PROVISIONS FOR IUOTO DISSOLUTION.

2. AS OBSERVED IN SEPTEL ON INTERPRETATION AND IMPLEMENTATION OF WTO STATUTES, OUR VIEW IS THAT PROCESS OF TRANSFER OF RIGHTS AND OBLIGATIONS OF IUOTO PROVIDED FOR UNDER ARTICLE 44 OF WTO STATUTES SHOULD BE SYSTEMATIC ONE WHICH UNCLASSIFIED

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TAKES CAREFULLY INTO ACCOUNT PROVISIONS OF IUOTO STATUTES,

REQUIREMENTS UNDER SWISS LAW, AND EXPECTATIONS AND OBLIGATIONS OF IUOTO MEMBERSHIP WITH RESPECT TO CONDUCT AND FUNDING OF IUOTO WORK PROGRAM DURING REMAINING PERIOD OF 1974-75 BIENNIUM. NEW PROPOSAL OF LONATI TAKES THESE CONSIDERA-

TIONS GENERALLY INTO ACCOUNT, BUT APPEARS TO INTRODUCE SOME QUESTIONABLE DEVICES FOR DOING SO.

3. IT IS NOT CLEAR TO US THAT IUOTO EXECUTIVE COMMITTEE HAS POWER TO ACT IN SUCH DEFINITIVE WAY AS TO "AGREE THAT IUOTO HENCEFORTH IS DISSOLVED", OR TO ASSIGN IUOTO FUNCTIONS TO WTO TO CARRY ON. ARTICLE 19 OF IUOTO STATUTES PROVIDES THAT IUOTO ASSEMBLY MUST BE CONVENED FOR PURPOSE OF DISSOLUTION OF THE UNION, AND THAT DECISION ON DISSOLUTION MUST BE TAKEN BY TWO-THIRDS MAJORITY OF FULL MEMBERS PRESENT OR REPRESENTED BY PROXY.

4. WHAT IS SIGNIFICANCE OF ASKING WTO TO CARRY ON IUOTO FUNCTIONS FOR YEAR 1975 "OR UNTIL ENTRY INTO FORCE OF FIRST PROGRAM AND BUDGET" OF WTO? IT APPEARS TO US THAT THIS COULD BE DEVICE FOR RETURN TO LONATI'S EARLIER PREFERENCE FOR SPINNING OUT IMPLEMENTATION OF STATUTES BY POSTPONING "ACTIVITY" OF WTO.

5. PROPOSAL THAT IUOTO MEMBERS SHOULD REMIT ASSESSMENTS TO WTO NEEDS STUDY.

6. HARD TO SEE HOW UNFUNDED WTO IS TO CARRY ON "PRESENT IUOTO STRUCTURE" THROUGH 1975. THIS, LIKE FOREGOING, APPEARS TO BE UNNECESSARY, AND PERHAPS UNACCEPTABLE, SLIGHT OF HAND.

7. WHETHER IUOTO PER SE SHOULD TAKE NO FURTHER DECISIONS (REFTEL PARA 1D) WOULD HAVE TO BE DECIDED IN CONTEXT OF COMPLICATIONS POSED PARA 3 ABOVE.

8. WE RECOGNIZE THAT WTO SECRETARIAT MUST OBTAIN DATA BASE ON NET NATIONAL PRODUCTS AND PER CAPITA NET NATIONAL PRODUCTS IN ORDER TO COMPUTE WTO SCALE OF ASSESSMENTS. FYI. INCORPORATION OF THESE FACTORS DOES NOT RESULT FROM UNCLASSIFIED

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ADOPTION OF LUSAKA FORMULA, BUT WAS DECIDED UPON EARLIER BY WORKING PARTY IN ORDER TO TAKE INTO ACCOUNT PROVISIONS OF FINANCING RULE 3. END FYI IN RESPONSE TO LONATI'S REQUEST MISSION SHOULD EXPLAIN USG CANNOT, OF COURSE, PUT ITSELF IN POSITION OF EXTRACTING PRIVILEGED INFORMATION FROM UN SECRETARIAT FOR USE OF WTO, AND SHOULD SUGGEST LONATI EXPLORE FURTHER WITH UN BUDGET SPECIALISTS IN GENEVA REGULAR AVAILABILITY OF STATISTICAL DATA WTO WILL

REQUIRE.

9. ALTERNATIVE IDEA THAT SECOND ASSEMBLY SESSION MIGHT BE SEPARATE EXTRAORDINARY SESSION SEEMS ENTIRELY APPROPRIATE TO US. WHILE FIRST ASSEMBLY COULD DECIDE TO HOLD SUCH

EXTRAORDINARY SESSION AT SITE OTHER THAN GENEVA, WE DO NOT WISH LONATI TO FEEL ENCOURAGED BY U.S. TO EXPLORE THIS AT THIS STAGE OR TO BELIEVE IDEA HAS U.S. SUPPORT. CONTRARY TO IMPRESSION LONATI RECEIVED IN MEXICO CITY THAT U.S. WAS "OPEN" TO HOLDING FIRST ASSEMBLY IN MEXICO CITY, THIS WAS A STICKING POINT IN U.S.-MEXICAN CONSULTATION IN SEPTEMBER AND MEXICAN OFFICIALS ARE CLEAR ABOUT OUR INTERPRETATION OF STATUTES. IT WAS SIMPLY LEFT IN AGREED MINUTE OF MEETING THAT MEXICANS MIGHT CHOOSE TO PURSUE IDEA ANYWAY. -

10. OUR VIEWS ON ELIGIBILITY OF ARTICLE 42 MEMBERS TO BE CANDIDATES FOR ELECTION TO COUNCIL AT FIRST ASSEMBLY, AND U.S. INTENTIONS ON USING ARTICLE 42 PROVISIONS, DISCUSSED SEPTEL.

11. WOULD APPRECIATE RECEIVING BEFORE PANAMA MEETING ANY FURTHER THINKING MISSION MAY OBTAIN FROM LONATI ABOUT STATUS AND PARTICIPATION OF ASSOCIATE AND AFFILIATE MEMBERS IN WTO. INGERSOLL

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